

FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)
FEDERAL INSURANCE MITIGATION ADMINISTRATION (FIMA)
APPEAL DECISION

FEMA Flood Insurance Appeal Decision #C26

OVERVIEW

The policyholder filed an appeal on April 2019, alleging that the flood insurance carrier (hereinafter “insurer”) improperly denied part of his claim under the Standard Flood Insurance Policy (SFIP)¹ for damages to covered property arising from a flood event dated October 2018.²

In its review, FEMA found the following facts relevant:

- At the time of loss, the policyholder had \$250,000 in building coverage and \$100,000 in personal property coverage.
- The insured property is a single-family dwelling with two floors located in flood zone X.
- The policyholder filed a flood claim with his insurer who assigned an adjuster to inspect on the property.
- On October 2018, an adjuster inspected the property.
- The adjuster confirmed a general and temporary condition of flood with an exterior waterline of 10 inches and an interior waterline of 2 inches. The adjuster also noted wind damage.³
- The adjuster reviewed the mitigation and dry-out estimate, which included drying logs, and determined that there were non-covered items that would not be included in their payment recommendation.
- The insurer issued the policyholder payments totaling \$62,080.29 for building damage and \$26,235.12 for personal property damage.
- The insurer partially denied coverage for wind-related damage, the generator, power cables, distribution box, fuel, anti-microbial pre-treatment, sill cleaning, drill holes, and a bike rack citing no direct physical loss by or from flood.
- The policyholder filed an appeal for the denial of the generator, power cables, distribution box, fuel, and bike rack.
- The policyholder includes an ad for the bike rack with pricing with his appeal. Because this information does not respond to the insurer’s reason for denial, FEMA’s decision is based on the documentation in the claim file.

¹ See 44 C.F.R. § 61.13 (2018); Dwelling Form available at 44 C.F.R. pt. 61 App. A(1) [hereinafter “SFIP”].

² The policyholder files this appeal under 44 C.F.R. § 62.20. The appeals process is available after the insurer issues a written denial, in whole or in part, of the policyholder’s claim. The policyholder’s appeal and related documents concerning the appeal, claim, or policy are on file with FEMA, Federal Insurance and Mitigation Administration, Federal Insurance, Policyholder Services Division, Appeals Branch [hereinafter “Appeal File”].

³ See Appeal File, Adjuster’s Preliminary Photo Report.

RULES

The insurer agrees to pay the policyholder for direct physical loss by or from flood to covered property, provided the policyholder complied with all terms and conditions of the SFIP.⁴

If a generator, negative air mover, air filtering equipment, and personal protection equipment is needed, along with the associated labor for the removal of damaged building material, cleaning, or the application of mildewcide the cost of such items and labor are considered included in the unit price for material removal, cleaning, or mildewcide application. Note that the application of mildewcide is only considered when the damage is directly caused by or from flood.⁵

ANALYSIS

On appeal, the policyholder disputes the denial of the generator, power cables, distribution box, fuel and a bike rack.

FEMA Bulletin W-13025a provides guidelines to insurers for structural drying. It states that the cost of “other equipment,” such as the appealed mitigation items, that may be necessary during the course of cleanup should be considered included in the unit price for material removal, cleaning, or mildewcide applications. The cost of the generator, power cables, distribution box, and fuel are incorporated within the mitigation estimate’s unit pricing. Line items, that specifically list these items are considered duplicates and will not be considered for payment under the SFIP.

The SFIP pays for covered property that is directly damaged by or from flood. The insurer further reviewed and determined that the bike rack was damaged by flood and on October 2019, issued the policyholder a supplemental payment totaling \$192.60.

FEMA reviewed the claim and agrees with the insurer’s decision to deny coverage for the generator, power cables, distribution box, and fuel. FEMA agrees with the insurer’s decision to issue payment for the bike rack.

CONCLUSION

Based on the facts and analysis above, FEMA concurs with the insurer’s decision to deny coverage for the mitigation line items, as they are included in the unit price. FEMA concurs with the insurer’s supplemental payment for the bike rack.

⁴ See SFIP (I), (II)(B)(12).

⁵ See FEMA Bulletin W-13025a.